

June 2011

2011-13 Higher Education Budget

Overview

This report summarizes the 2011-13 biennial operating and capital budgets for higher education as passed by the 2011 Legislature. No Board action is requested.

Context

In November 2010, the Higher Education Coordinating (HECB) adopted its 2011-13 biennium budget recommendations. The Board's operating budget recommendation called for sufficient state funding to support a "survival," or "foundation level" budget. The HECB did not recommend an increase in existing tuition levels, but recognized that tuition increases would be needed if the state fell short of funding the HECB's recommendation.

Additionally, the Board submitted prioritized lists of capital project funding proposals for both the public baccalaureate institutions and the community and technical colleges. The Board did not propose a specific funding level, but recommended that the Governor and Legislature be guided by the project priorities in arriving at their respective budgets.

Highlights of Budget Proposals

Operating Budget

With respect to overall context, the 2011-13 State Operating Budget provides \$32.2 billion in total General Fund appropriations. This is about 3.5 percent less than the (pre-recession benchmark) 2007-09 state General Fund budget (\$33.4 billion).

Of the total state operating budget, the Legislature has appropriated \$2.8 billion to higher education. This is 8.5 percent of the 2011-13 state General Fund budget total and is 25 percent less than the 2007-09 biennium budget. ***In summary, higher education's 2011-13 operating budget represents a proportionately smaller slice of a smaller state budget pie.***

The illustration on page 6 shows the percentage change in higher education General Fund appropriations since the 2007-09 biennium. The illustration also shows the percentage changes for Human Services and K-12, as well as the entire state General Fund budget since 2007-09.

Pages 7 through 9 provide comparisons of the HECB 2011-13 operating budget recommendation (adopted in November 2010) to the budgets proposed by the Governor, Senate and House, and as passed by the Legislature.

As is shown in the illustrations, the budget passed by the Legislature, like those proposed by the Governor, Senate, and House, appropriates fewer state dollars to the public colleges and universities than recommended by the HECB. Specifically, the budget passed by the Legislature decreases state support for the public universities and colleges by about 24 percent. (See page 10 for detail.)

Accompanying the decrease in state support, the budget passed by the Legislature assumes, at least, an increase of about 20 percent in tuition revenue.¹ The table below shows the tuition rate increase and associated revenue assumptions as contained in the budget passed by the Legislature.

Resident Undergraduate Tuition Rate Increases and Revenue Assumptions

Institution	As Passed Legislature	
	Annual Tuition Increase*	Assumed Biennial Revenue*
UW	16.0%	\$129,480
WSU	16.0%	\$69,097
CWU	14.0%	\$20,423
EWU	11.0%	\$16,243
TESC	14.0%	\$9,014
WWU	16.0%	\$30,107
CTC	12.0%	\$102,050
TOTAL		\$376,414
*Baccalaureate tuition rate increases and assumed revenue represent base levels which may be exceeded pursuant to ESSHB 1795.		

¹ As stated in the House Bill Report, “The tuition rate and revenue increases for the baccalaureate institutions represent “base” level increase assumptions. Specifically, Engrossed Second Substitute House Bill 1795 authorizes, in part, the public baccalaureate institutions to increase resident undergraduate tuition and fees above the base tuition assumptions contained in the budget. As provided in ESSHB 1795, public baccalaureate institutions that increase tuition above tuition increases assumed in the operating budget must remit 5 percent of operating fees back to students in the form of financial aid. Public baccalaureate institutions that do not increase tuition beyond levels assumed in the operating budget must remit 4 percent of operating fees in the form of financial aid.”

When the *decline* in state funding is combined with *increases* in tuition revenue, the adopted budget comes close to the HECB's "foundation level" budget recommendation. Specifically, total funding (state funds plus tuition) for the public institutions would be reduced by about 6 percent in the budget passed by the Legislature. But, significant tuition revenue increases (more than 20 percent) account for the close differences.

In that context, *the 2011-13 higher education budget has more impact on student/family higher education costs than on institutional operating revenue.*

To mitigate these increased costs to **lower income** students and families, the 2011-13 higher education budget contains the following for financial aid programs.

State Need Grant

The budget adopted by the Legislature adds \$106 million to biennial maintenance level State Need Grant (SNG) funds to hold low-income students **served by the program** harmless from tuition increases. Funding is set at \$266.5 million for 2011-12, and \$303 million for 2012-13. Federal SLEAP/LEAP funding of \$1.3 million per year is discontinued.

The budget proviso allows less-than-halftime students to be eligible for the State Need Grant. The overall budget appropriation includes \$500,000 maintenance level funding for less-than-halftime.

The final budget assumes a 3.5 percent annual increase from a new base award for students attending private institutions. "New students" attending proprietary institutions shall receive one-half of the SNG award of their continuing counterparts. The final budget maintains 70 percent MFI as the income standard and the current award prorations by MFI category.

It is important to note that the increases in State Need Grant do not include funds to provide aid to the (estimated) 27,000 students who are currently eligible for grants but are not receiving them due to budget constraints.

State Work Study

The adopted budget provides funding for the State Work Study (SWS) program at a greatly reduced level. The final budget provides \$15.67 million for the 2011-13 biennium, as opposed to \$45.54 million in maintenance level funding for 2011-13. This two-thirds funding cut will reduce the number of students served by an estimated 13,500 students over the biennium.

The policy implications resulting from the reduction in SWS funding include:

- Increasing employer match rates for all employers. 2011-13 employer contributions will now be set at:
 - 60 percent for for-profit employers;
 - 40 percent for public and private institution on-campus employers as well as governmental agencies; and
 - 30 percent for non-profit employers, school districts, and off-campus STEM employers.
- Eliminating full-time employment options for school breaks.
- Discontinuing SWS Special Projects.
- Eliminating service to nonresident students.
- Encouraging review of higher than average student earnings.

Other Programs

The final conference budget also provides a commitment to previously selected students in the merit programs (WA Scholars and WAVE). The suspended funding will mean that 147 newly named Washington Scholars will not receive funding for 2010-11 and beyond. It is anticipated that Washington Scholars recipients will continue to be named throughout the biennium as honorary recognition awards only.

The Future Teachers and Health Professionals conditional scholarship and loan repayment programs are suspended, except for the state match to federal health professional program dollars. Funding has been set aside for previously awarded recipients.

The new Aerospace Loan program was added in the budget at \$250,000 per year. The Alternative Routes to teaching conditional scholarship program was funded for the 2011-13 biennium. The federal John R. Justice (JRJ) conditional loan program will receive continued federal funding.

The Passport to College and Leadership 1000 programs remain fully funded.

Other small programs such as CAMP and Child Care Grants are funded in the budget, while other small programs are suspended.

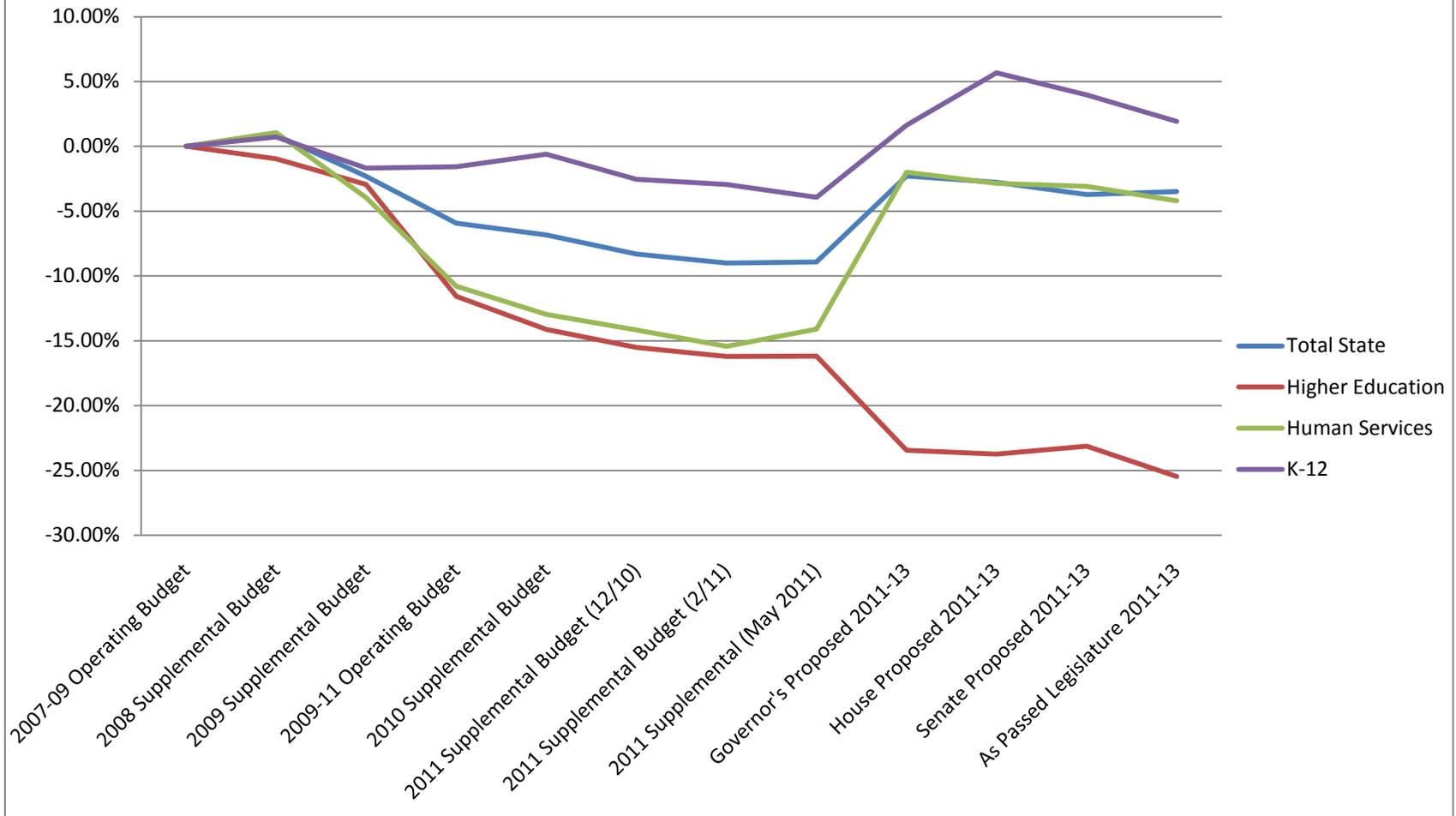
Capital Budget

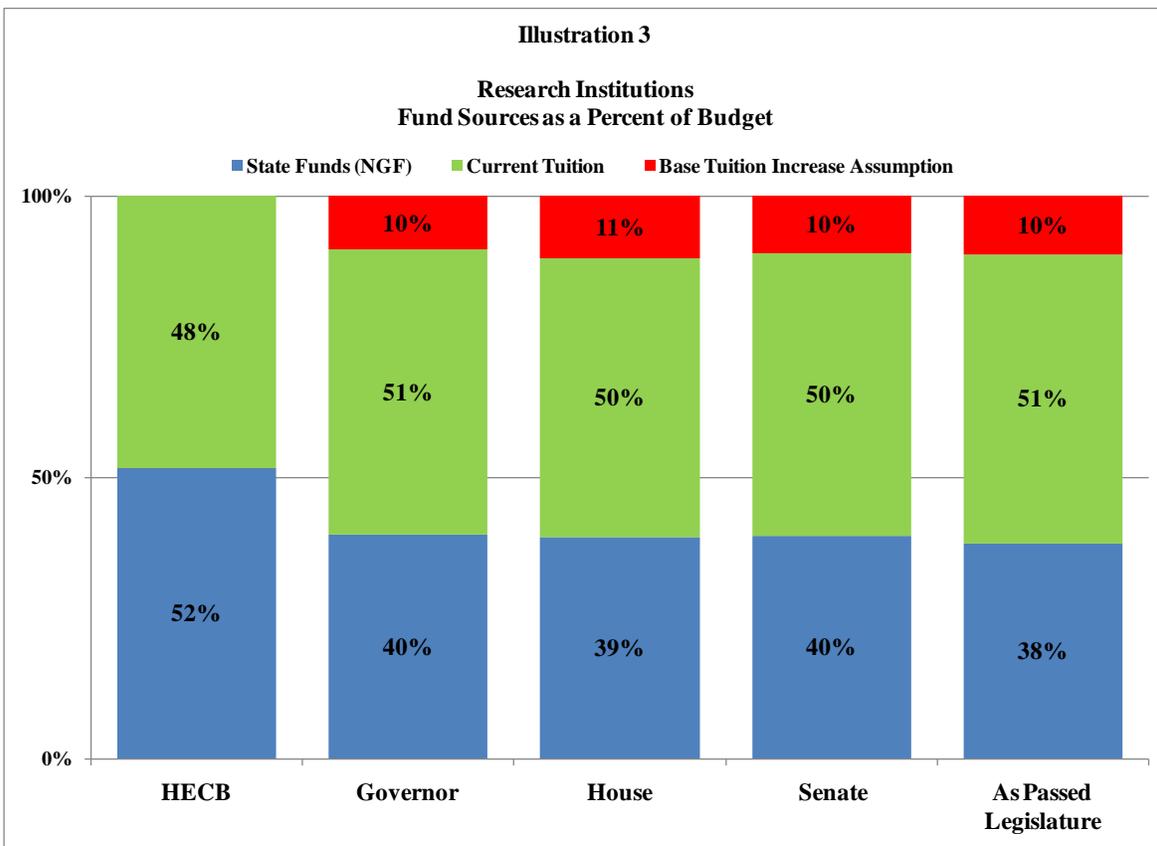
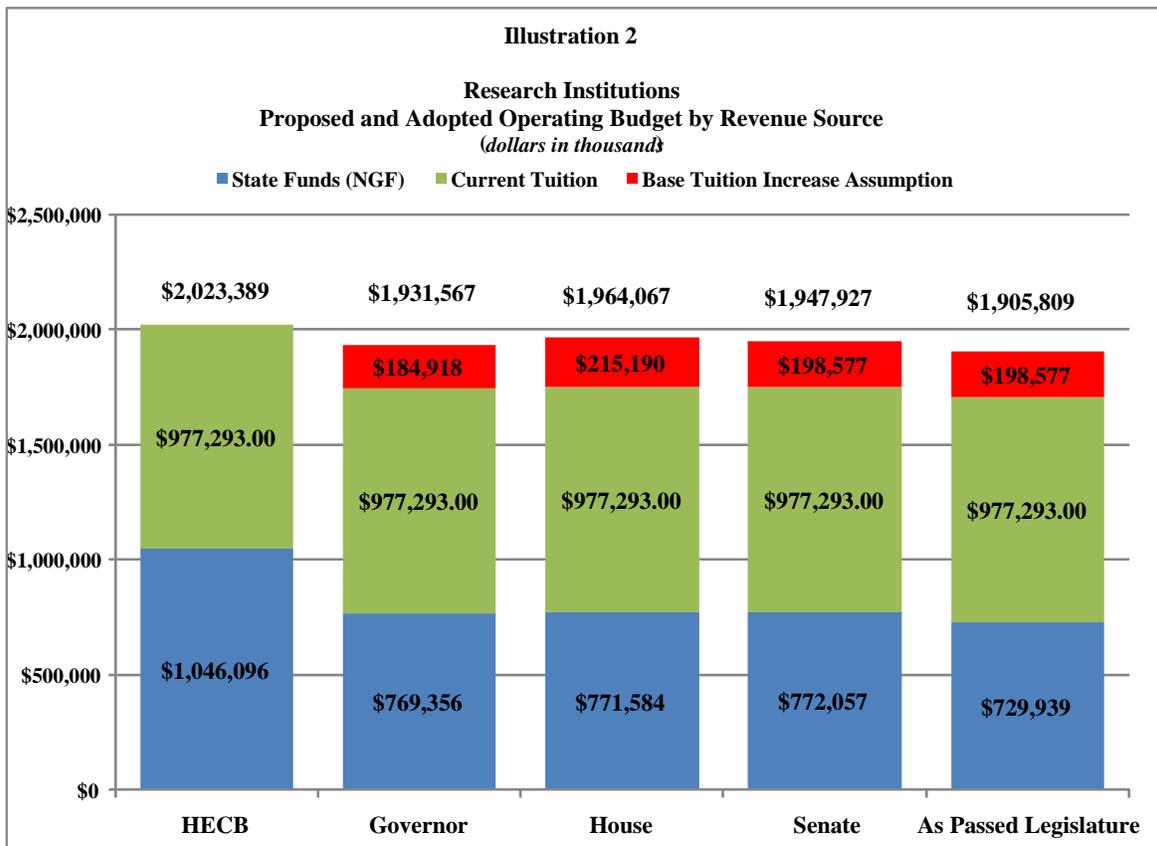
The prioritized lists of capital projects adopted by the HECB are provided on pages 10 through 15. The lists show which projects were proposed for funding by the Governor, the House Capital Budget Committee, and the Senate Ways and Means Committee, and contained in the budget passed by the Legislature. The table on the following page summarizes these different capital spending levels.

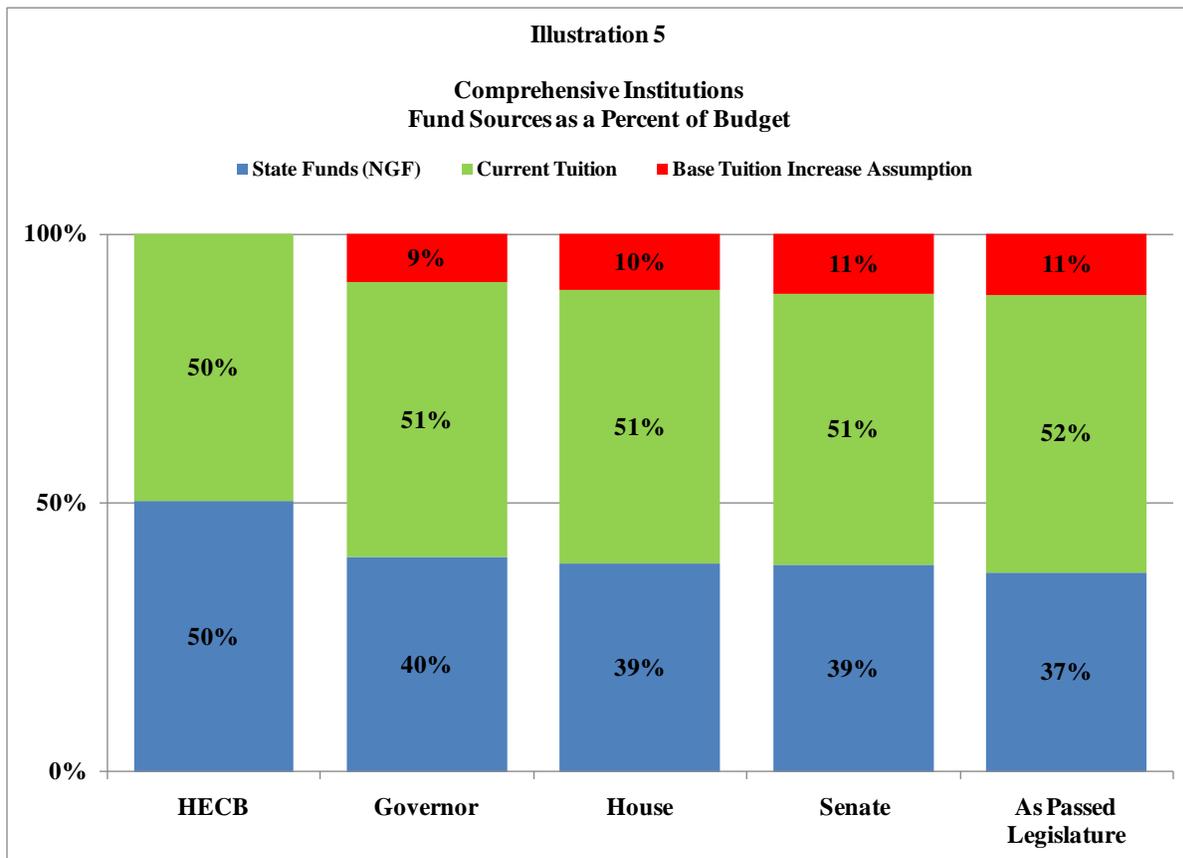
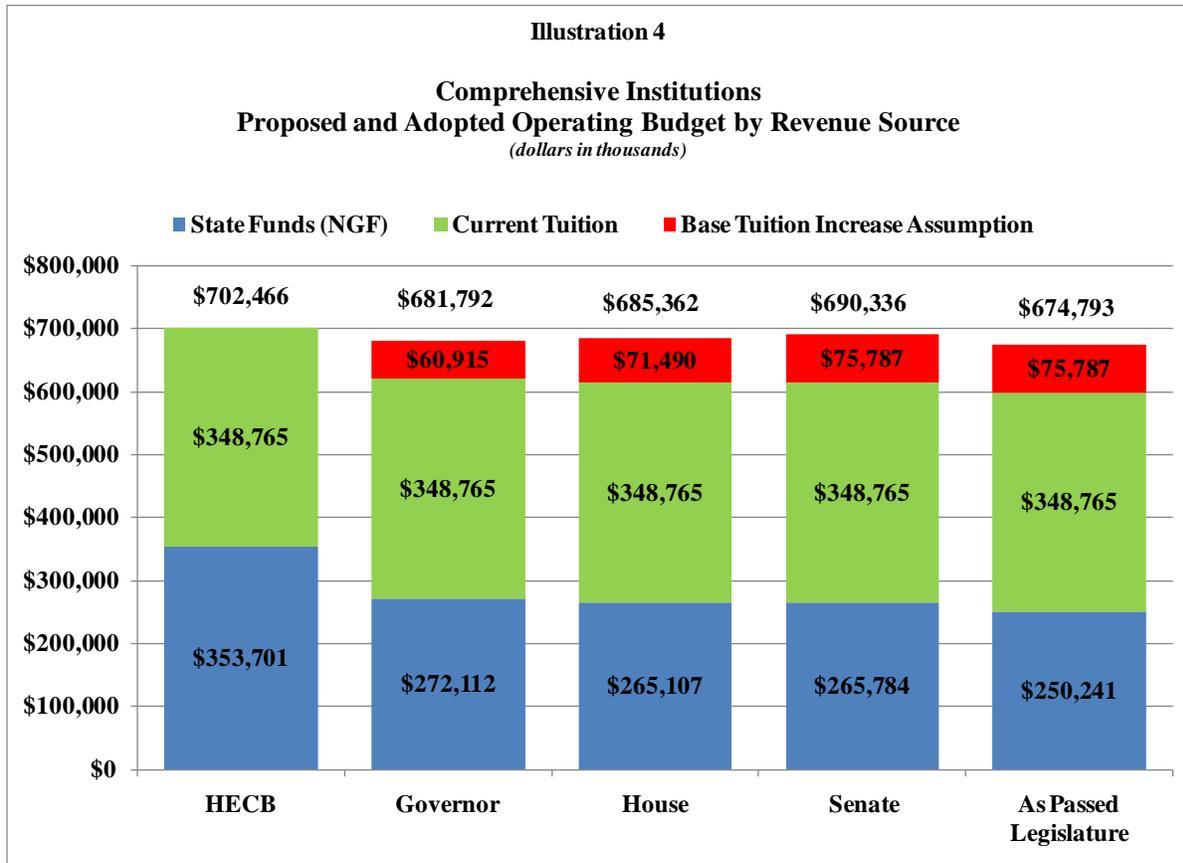
2011-13 Higher Education Capital Budgets
Appropriated Funds
(dollars in millions)

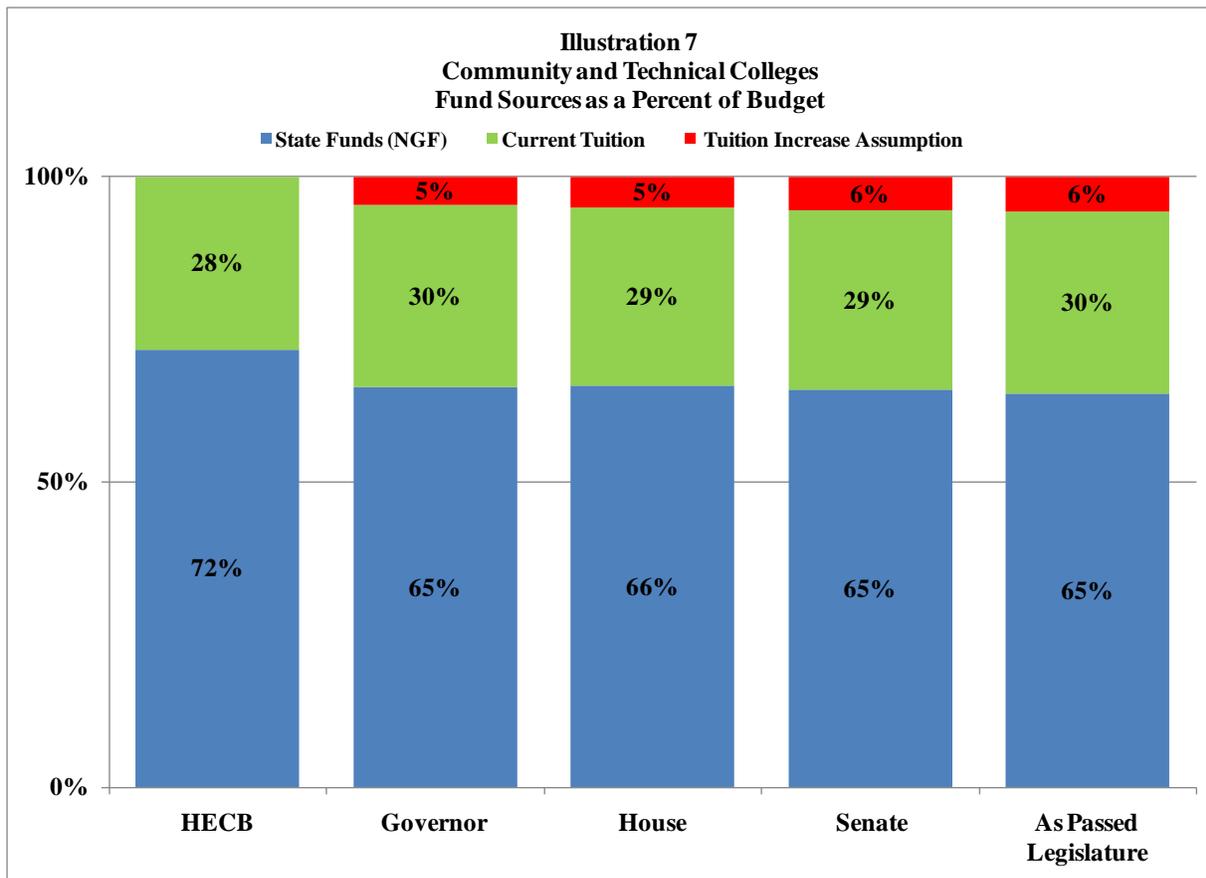
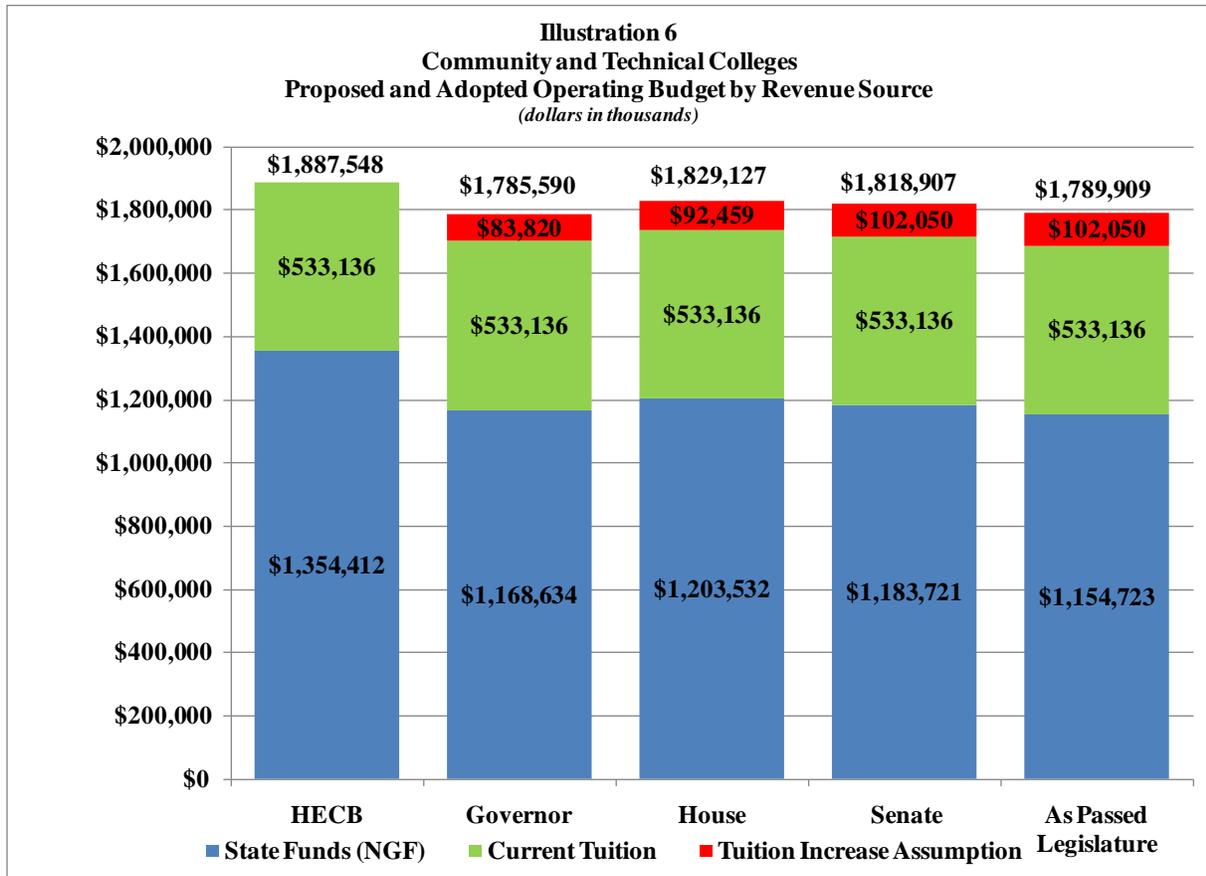
	Total Prioritized Projects	Governor	House Capital Budget Committee	Senate Ways and Means Committee	As Passed Legislature
Baccalaureate Institutions	\$735.9	\$277.0	\$297.9	\$331.8	\$280.1
Community and Technical Colleges	\$572.4	\$198.7	\$331.2	\$238.6	\$216.3
Total	\$1,308.2	\$475.7	\$629.1	\$570.4	\$496.4

Illustration 1
Major Budget Components by Percent Change in General Fund Appropriations
2007-09 through 2011-13
(Higher Education includes Opportunity Pathway Account)









**2011-13 Higher Education Budget Proposals
By Institution and Revenue Source**
(dollars in thousands)

	HECB			Governor			House			Senate			Conference		
	State (NGF+OPA)	Tuition Increase Assumption	Total (w/Base Tuition)	State (NGF+OPA)	Tuition Increase Assumption	Total (w/Base Tuition)	State (NGF+OPA)	Tuition Increase Assumption	Total (w/Base Tuition)	State (NGF+OPA)	Tuition Increase Assumption	Total (w/Base Tuition)	State (NGF+OPA)	Base Tuition Increase Assumption	Total (w/Base Tuition)
University of Washington	\$635,750	\$0	\$1,316,149	\$451,436	\$124,887	\$1,256,722	\$454,557	\$145,306	\$1,280,262	\$452,661	\$129,480	\$1,262,540	\$426,573	\$129,480	\$1,236,452
Washington State University	\$410,346	\$0	\$707,240	\$317,920	\$60,031	\$674,845	\$317,027	\$69,884	\$683,805	\$319,396	\$69,097	\$685,387	\$303,366	\$69,097	\$669,357
Central Washington University	\$91,852	\$0	\$180,587	\$73,250	\$14,540	\$176,525	\$70,163	\$16,383	\$175,281	\$68,349	\$20,423	\$177,507	\$64,141	\$20,423	\$173,299
Eastern Washington University	\$92,695	\$0	\$179,955	\$74,450	\$14,071	\$175,781	\$71,290	\$15,816	\$174,366	\$72,406	\$16,243	\$175,909	\$68,957	\$16,243	\$172,460
The Evergreen State College	\$49,717	\$0	\$101,295	\$39,257	\$8,733	\$99,568	\$37,719	\$11,245	\$100,542	\$38,710	\$9,014	\$99,302	\$36,514	\$9,014	\$97,106
Western Washington University	\$119,437	\$0	\$240,629	\$85,155	\$23,571	\$229,918	\$85,935	\$28,046	\$235,173	\$86,319	\$30,107	\$237,618	\$80,629	\$30,107	\$231,928
Subtotal - Baccalaureate Institutions	\$1,399,797	\$0	\$2,725,855	\$1,041,468	\$245,833	\$2,613,359	\$1,036,691	\$286,680	\$2,649,429	\$1,037,841	\$274,364	\$2,638,263	\$980,180	\$274,364	\$2,580,602
Community and Technical Colleges	\$1,354,412	\$0	\$1,887,548	\$1,168,634	\$83,820	\$1,785,590	\$1,203,532	\$92,459	\$1,829,127	\$1,183,721	\$102,050	\$1,818,907	\$1,154,723	\$102,050	\$1,789,909
Subtotal - All Public Institutions	\$2,754,209	\$0	\$4,613,403	\$2,210,102	\$329,653	\$4,398,949	\$2,240,223	\$379,139	\$4,478,556	\$2,221,562	\$376,414	\$4,457,170	\$2,134,903	\$376,415	\$4,370,512
HECB	\$587,191	\$0	\$587,191	\$611,639	\$0	\$611,639	\$572,456	\$0	\$572,456	\$0	\$0	\$0	\$289,980	\$0	\$289,980
Council for Higher Education	na	na	na	na	na	na	na	na	na	\$2,306	\$0	\$2,306	\$997	\$0	\$997
Office of Student Financial Assistance	na	na	na	na	na	na	na	na	na	\$617,048	\$0	\$617,048	\$323,932	\$0	\$323,932
Total - Higher Education	\$3,341,400	\$0	\$5,200,594	\$2,821,741	\$329,653	\$5,010,588	\$2,812,679	\$379,139	\$5,051,012	\$2,840,916	\$376,414	\$5,076,524	\$2,749,812	\$376,415	\$4,985,421
Percent Change from Maintenance Level (% tuition change includes base tuition)															
Baccalaureate Institutions	-0.2%	0.0%	-0.1%	-25.8%	18.5%	-4.2%	-26.1%	21.6%	-2.9%	-26.0%	20.7%	-3.3%	-30.1%	20.7%	-5.4%
Community and Technical Colleges	-2.6%	0.0%	-1.9%	-16.0%	15.7%	-7.2%	-13.4%	17.3%	-4.9%	-14.9%	19.1%	-5.4%	-17.0%	19.1%	-7.0%
All Public Institutions	-1.4%	0.0%	-0.8%	-20.9%	17.7%	-5.4%	-19.8%	20.4%	-3.7%	-20.5%	20.2%	-4.2%	-23.6%	20.2%	-6.1%
Total Higher Education	-0.2%	0.0%	-0.1%	-15.7%	17.7%	-3.8%	-16.0%	20.4%	-3.0%	-15.1%	20.2%	-2.5%	-17.9%	20.2%	-4.3%

2011-13 Capital Projects: Four-Year Institutions
(Appropriated Funds)

		<u>HECB</u>	<u>Governor</u>	<u>House Capital Committee</u>	<u>Senate Ways and Means</u>	<u>Conference</u>
Preventative Facility Maintenance- All Campuses		\$45,000,000	\$44,953,000	\$44,953,000	\$44,953,000	\$44,953,000
Minor Repairs - All Campuses		\$116,000,000	\$97,126,000	\$102,757,000	\$98,765,000	\$99,601,000
Minor Works Program - All Campuses		\$45,000,000	\$0	\$0	\$0	\$0
Construction Phase Projects (not ranked)						
UW	UW Bothell Phase 3	\$62,850,000	\$0	\$0	\$0	\$0
EWU	Patterson Hall Remodel Phase 2 Construction	\$34,800,000	\$38,630,000	\$30,500,000	\$30,500,000	\$30,500,000
TESC	Communications Laboratory Building	\$10,679,000	\$10,777,000	\$10,777,000	\$9,160,000	\$9,160,000
UW	Denny Hall Renovation	\$54,615,000	\$0	\$0	\$0	\$0
UW	Lewis Hall Renovation	\$23,130,000	\$0	\$0	\$0	\$0
WSU	Riverpoint	\$70,775,000	\$0	\$35,000,000	\$60,159,000	\$35,000,000
Renovation and Replacement "A"						
WWU	Carver Academic Renovation	\$6,784,000	\$0	\$0	\$6,784,000	\$6,784,000
EWU	Science I Replacement	\$3,000,000	\$0	\$0	\$0	\$0
UW	Anderson Hall Renovation	\$2,500,000	\$0	\$2,500,000	\$2,500,000	\$1,553,000
CWU	Samuelson Union Building	\$35,862,000	\$0	\$5,000,000	\$30,448,000	\$5,000,000
TESC	Science Lab 1 Modernization (2nd Floor)	\$4,950,000	\$4,950,000	\$4,950,000	\$4,950,000	\$4,950,000
WSU	Fulmer Hall Partial Renovation	\$8,200,000	\$8,200,000	\$0	\$8,200,000	\$0
Institutional Capacity						
WSU	Clean Technology Laboratory	\$5,800,000	\$0	\$2,500,000	\$0	\$2,500,000
CWU	Science Phase II	\$3,500,000	\$0	\$3,500,000	\$2,000,000	\$2,000,000
UW	House of Knowledge	\$2,700,000	\$2,700,000	\$2,700,000	\$2,700,000	\$2,700,000
WWU	Academic Services and Performing Arts	\$350,000	\$0	\$350,000	\$0	\$350,000

2011-13 Capital Projects: Four-Year Institutions
(Appropriated Funds)

		<u>HECB</u>	<u>Governor</u>	<u>House Capital Committee</u>	<u>Senate Ways and Means</u>	<u>Conference</u>
Infrastructure "A"						
EWU	Campus Water System	\$7,511,000	\$7,511,000	\$0	\$0	\$0
WSU	Infrastructure - Bridge Replacement	\$2,500,000	\$2,500,000	\$2,500,000	\$0	\$0
UW	High Voltage Improvement	\$4,850,000	\$4,850,000	\$4,850,000	\$4,850,000	\$4,365,000
CWU	Combined Utilities	\$8,000,000	\$8,000,000	\$8,000,000	\$0	\$4,000,000
WWU	North Campus Utility Upgrade	\$3,529,000	\$0	\$3,529,000	\$0	\$0
TESC	Alternative Energy Project	\$10,000,000	\$0	\$0	\$0	\$0
Renovation and Replacement "B"						
WWU	Classroom & Lab Upgrades	\$4,799,000	\$4,799,000	\$4,799,000	\$4,799,000	\$4,799,000
UW	Odegard Library Renovation	\$19,570,000	\$19,570,000	\$19,500,000	\$16,575,000	\$16,575,000
WSU	Troy Hall Renovation	\$1,800,000	\$0	\$0	\$0	\$0
CWU	Business Continuity and Disaster Center	\$3,000,000	\$0	\$0	\$0	\$0
TESC	Lecture Hall Renovation	\$300,000	\$0	\$300,000	\$0	\$300,000
Institutional Capacity "B"						
WSU	Global Animal Health Building Phase II	\$5,300,000	\$0	\$0	\$0	\$0
CWU	Nutrition, Exercise, Health Science Facility	\$300,000	\$0	\$300,000	\$0	\$300,000
Infrastructure "B"						
CWU	Biomass CHP	\$8,000,000	\$0	\$0	\$0	\$0
WWU	Performing Arts Exterior Renewal	\$2,877,000	\$0	\$2,877,000	\$0	\$0
WWU	Wireless Network Upgrade	\$4,947,000	\$0	\$0	\$0	\$0
Land Acquisition						
TESC	Tacoma Campus Acquisition	\$11,000,000	\$0	\$0	\$0	\$0
UW	UWT Land Acquisition/Remediation	\$5,000,000	\$0	\$0	\$0	\$0
WWU	Land Acquisition - Waterfront	\$7,597,000	\$0	\$0	\$0	\$0

2011-13 Capital Projects: Four-Year Institutions
(Appropriated Funds)

		<u>HECB</u>	<u>Governor</u>	<u>House Capital Committee</u>	<u>Senate Ways and Means</u>	<u>Conference</u>
Renovation and Replacement "C"						
WWU	Fraser Hall Renovation	\$4,480,000	\$4,480,000	\$4,480,000	\$4,480,000	\$4,480,000
WSU	Mt. Vernon Plant Growth Facility Repair	\$4,900,000	\$0	\$0	\$0	\$0
CWU	Peterson Hall Replacement	\$4,500,000	\$0	\$0	\$0	\$0
WSU	Design Disciplines Facility	\$18,000,000	\$18,000,000	\$1,000,000	\$0	\$0
UW	Burke Museum Renovation	\$5,000,000	\$0	\$0	\$0	\$0
CWU	Brooks Library Renovation	\$4,897,000	\$0	\$0	\$0	\$0
WSU	Washington Building 3rd Floor Renovation	\$4,390,000	\$0	\$0	\$0	\$0
WSU	Vancouver Library 2nd Floor Conversion	\$4,600,000	\$0	\$0	\$0	\$0
WSU	Riverpoint S. Campus Facility Phase 2	\$4,075,000	\$0	\$0	\$0	\$0
CWU	Health Center Remodel	\$4,900,000	\$0	\$0	\$0	\$0
CWU	Psychology Renovation	\$4,900,000	\$0	\$0	\$0	\$0
CWU	Randall Michaelson Remodel	\$4,900,000	\$0	\$0	\$0	\$0
UW	Miller Hall Renovation	\$4,000,000	\$0	\$0	\$0	\$0
Institutional Capacity "C"						
WSU	Prosser - Agriculture Tech Building Addition	\$2,500,000	\$0	\$0	\$0	\$0
WSU	Prosser Viticulture/Enology Facility	\$3,500,000	\$0	\$0	\$0	\$0
WSU	College of Agriculture's Dairy Research	\$8,300,000	\$0	\$0	\$0	\$0
WSU	Plant Sciences	\$250,000	\$0	\$0	\$0	\$0
WSU	Wenatchee Fruit Quality Facility	\$140,000	\$0	\$0	\$0	\$0
WSU	Agricultural Animal Health Research Facility	\$250,000	\$0	\$250,000	\$0	\$250,000
Total		\$735,857,000	\$277,046,000	\$297,872,000	\$331,823,000	\$280,120,000

2011-13 Capital Projects: Community and Technical Colleges
(Appropriated Funds)

College	Project	HECB Priority Rank	Governor	House Capital Committee	Senate Ways and Means	Conference
Statewide	Emergency Repairs and Improvements	\$16,000,000	\$17,000,000	\$16,001,000	\$16,001,000	\$16,001,000
Statewide	Roof Repairs	\$9,125,291	\$9,125,291	\$9,125,000	\$9,125,000	\$9,125,000
Statewide	Facility Repairs	\$15,828,821	\$15,828,821	\$15,829,000	\$15,829,000	\$15,829,000
Statewide	Site Repairs	\$5,045,888	\$5,045,888	\$5,045,000	\$5,045,000	\$5,045,000
Peninsula	Fort Worden Education Center	\$2,000,000	\$0	\$2,000,000	\$2,000,000	\$2,000,000
Spokane Falls	Stadium and Athletic Fields	\$758,000	\$0	\$758,000	\$0	\$758,000
Lower Columbia	Mykleburst Gymnasium	\$2,000,000	\$0	\$2,000,000	\$0	\$2,000,000
Statewide	Minor Program Improvements	\$20,000,000	\$0	\$20,002,000	\$20,000,000	\$20,000,000
Spokane Falls	Campus Classrooms	\$20,761,000	\$0	\$20,761,000	\$17,647,000	\$17,647,000
South Puget Sound	Learning Resource Center	\$35,525,411	\$0	\$35,525,000	\$30,196,000	\$30,196,000
Clover Park	Allied Health Care Facility	\$24,360,000	\$0	\$24,360,000	\$20,706,000	\$20,706,000
Everett	Index Hall Replacement	\$37,633,000	\$37,633,000	\$37,633,000	\$31,988,000	\$31,988,000
Green River	Science, Math, and Technology Building	\$21,838,000	\$21,838,000	\$21,838,000	\$18,562,000	\$18,562,000
Skagit Valley	Academic and Student Services Building	\$29,494,000	\$29,494,000	\$29,494,000	\$25,070,000	\$0
Lower Columbia	Health and Science Building	\$37,701,000	\$37,701,000	\$37,701,000	\$0	\$0
Olympic	College Instruction Center	\$3,369,203	\$0	\$3,369,000	\$0	\$0
North Seattle	Technology Building Renewal	\$20,861,000	\$20,861,000	\$23,278,000	\$0	\$0
Tacoma	Health Careers Center	\$38,819,000	\$0	\$0	\$0	\$0
Centralia	Student Services	\$4,138,456	\$4,138,456	\$0	\$0	\$0
Bellevue	Health Science Building	\$37,948,757	\$0	\$0	\$0	\$0
Columbia Basin	Social Science Center	\$1,106,359	\$0	\$0	\$0	\$0
Peninsula	Allied Health and Early Childhood Dev Center	\$1,696,496	\$0	\$0	\$0	\$0
Grays Harbor	Science and Math Building	\$43,614,000	\$0	\$0	\$0	\$0
South Seattle	Cascade Court	\$2,303,853	\$0	\$0	\$0	\$0
Renton	Automotive Complex Renovation	\$1,770,611	\$0	\$0	\$0	\$0
Edmonds	Science Engineering Technology Building	\$8,375,751	\$0	\$0	\$0	\$0

**2011-13 Capital Projects: Community and Technical Colleges
(Appropriated Funds)**

College	Project	HECB Priority Rank	Governor	House Capital Committee	Senate Ways and Means	Conference
Seattle Central	Seattle Maritime Academy	\$16,923,000	\$0	\$0	\$0	\$0
Yakima Valley	Palmer Martin Building	\$20,589,000	\$0	\$0	\$0	\$0
Green River	Trades and Industry Building	\$29,989,616	\$0	\$0	\$0	\$0
Whatcom	Learning Commons	\$1,622,763	\$0	\$0	\$0	\$0
Bates	Mohler Communications Technology Center	\$22,325,000	\$0	\$0	\$0	\$0
Clark	Health and Advanced Technologies Building	\$38,828,000	\$0	\$0	\$0	\$0
	Prev. Maintenance and Repairs	\$0	\$0	\$22,800,000	\$22,800,000	\$22,800,000
Bellingham Tech.	Fisheries	\$0	\$0	\$2,000,000	\$2,000,000	\$2,000,000
Wenatchee Valley	Music and Arts Center			\$1,689,000	\$1,600,000	\$1,689,000
	Total	\$572,351,276	\$198,665,456	\$331,208,000	\$238,569,000	\$216,346,000